

REPORT BY THE STATE AUDITOR OF CALIFORNIA

**The Department of Health Services'
Information on Drug Treatment
Authorization Requests**



CALIFORNIA STATE AUDITOR

BUREAU OF STATE AUDITS

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February 1, 1994

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The Governor of California
President pro Tempore of the Senate
Speaker of the Assembly
State Capitol
Sacramento, California 95814

Dear Governor and Legislative Leaders:

SUMMARY

The Bureau of State Audits (BSA) presents the sixth in a series of semiannual reports concerning the way the Department of Health Services (department) processes reimbursement requests for certain prescribed drugs under the California Medical Assistance Program (Medi-Cal). These requests are known as drug treatment authorization requests (TARs).

In response to Chapter 716, Statutes of 1992, we obtained from the department statistical information, compiled each month, concerning the number of TARs received and processed from June 1990 through November 1993. This report focuses on the drug TARs processed during the six months from June through November 1993. The first four reports on this subject were prepared by the Office of the Auditor General (OAG). The fifth report was prepared by the BSA, which assumed responsibility for this audit pursuant to Government Code Section 8546.8 in May 1993.

The department received approximately 141,200 drug TARs from June through November 1993. This represents an increase of more than 62,700 (80 percent) drug TARs since June through November 1990, the first six months of the OAG's review. According to the chief of the department's Medi-Cal Operations Division Northern Field Operations Branch, the increase in the number of drug TARs received was partly due to a reduction in the number of drugs on the Medi-Cal list of contract drugs. Removing drugs from the list of contract drugs causes the number of drug TARs to increase, since any drug not on the department's list of contract drugs requires a TAR. The increase in the number of drug TARs received may also have occurred because of the addition of approximately 1,274,859 (a 35 percent increase since June 1990) Medi-Cal beneficiaries eligible to obtain drugs through Medi-Cal.

From June through November 1993, the department processed over 144,800 drug TARs. This represents an increase of approximately 67,500 (87 percent) drug TARs since the first six months of our review, and the highest level of activity since June through November 1990. The department also reduced its total backlog of drug TARs from a high of 33,800 TARs for the six month period of December 1992 through May 1993, to a total of 7,194 TARs for the six month period of June through November 1993.

In November 1993, the department generally met the state requirement to process mailed-in drug TARs within 5 days. The Stockton drug unit took an average of 3 working days, and the Los Angeles drug unit took an average of 5 working days to process mailed-in drug TARs in November 1993. In five of the six months, from June through November 1993, both of the drug units met the state requirement to process mailed-in drug TARs within 5 days. This is an improvement from the OAG's first report on drug TARs, when the OAG reported that in December 1990 the department took an average of 15 days to process mailed-in drug TARs.

Based on samples of drug TARs randomly selected at each drug unit, we found that the Stockton drug unit processed TARs received by FAX within 24 hours of receipt, as federal law requires. We also found that the Los Angeles drug unit processed 99 percent of the drug TARs received by FAX within 24 hours of receipt, and processed 98 percent of the drug TARs received by the department's audio response telephone system -- Voice Drug TAR System (VDTS) within 24 hours of receipt.

In response to Section 14105.42 of the Welfare and Institutions Code, the department provided us with information regarding the number of fair hearing requests beneficiaries made to appeal a denied drug TAR and the number of complaints received from providers. Fourteen fair hearing requests were submitted to the Department of Social Services from June through November 1993. Of those, 7 were dismissed due to beneficiaries' failure to appear at the hearing. Four of the remaining requests were withdrawn before the cases were heard, leaving three requests for fair hearings. One of those requests was partially approved, and decisions on the remaining 2 were still pending at the time of our review. The department reported that it did not receive any complaints about its processing of drug TARs from June through November 1993.

As mentioned in the BSA's October 1993 report, the department contracted with nine pharmacist consultants in April 1993 to enable the drug units to process drug TARs more effectively and promptly. The department entered into 18-month contracts with three pharmacist consultants in the Stockton drug unit and six pharmacist consultants in the Los Angeles drug unit. In addition, the department hired two full-time pharmacist consultants to staff a newly created satellite drug unit in San Bernardino. These pharmacist consultants were working with the department during the period of this review. According to the chief of the department's Medi-Cal Operations Division Northern Field Operations Branch, this staffing addition has allowed the department to increase production levels, reduce monthly backlogs of drug TARs, and reduce the turnaround time for processing TARs in the drug units.

BACKGROUND

Authorized in 1965 under Title XIX of the Social Security Act, Medi-Cal provides a wide array of health care services including payment for prescription drugs to public assistance recipients and low-income families. Under the provisions of Title 22 of the California Code of Regulations, the department administers Medi-Cal; the state and federal governments jointly fund it.

Under Medi-Cal, beneficiaries may receive prescription drugs from a list the department has established. This list is known as the Medi-Cal list of contract drugs and, according to the chief of the department's field services branch, includes drugs from most therapeutic categories. Therapeutic categories are classifications of drugs addressing specific medical problems. For example, the contract drugs are classified into such therapeutic categories as antibiotics, cardiac drugs, and gastrointestinal drugs. According to the chief of the field services branch, when a doctor prescribes a drug that is not on the list of contract drugs, the provider, generally a pharmacist, must receive authorization to seek reimbursement for the cost of the drug. The provider's request for authorization is known as a treatment authorization request (TAR).

Currently, the department has two Medi-Cal drug units that process drug TARs. These drug units are located in Los Angeles (with a satellite drug unit in San Bernardino) and Stockton. The role of the pharmacist consultants, who are licensed pharmacists, is to process drug TARs by either approving, denying, modifying, or returning the TARs to the providers (to request additional information). Drug TARs can be submitted via FAX, the department's Voice Drug TAR System (VDTS), or mail. Drug TARs submitted by FAX and VDTS are restricted to initial supplies of prescribed drugs and drugs that are urgently needed. Drug TARs submitted by mail generally cover renewals or retroactive approvals of prescribed drugs. In both renewals and retroactive approvals, the beneficiary, or patient, may have already received the drug.

Although the Stockton drug unit once processed VDTS drug TARs statewide, most of the VDTS drug TARs were reassigned to the Los Angeles drug unit as of April 1992. The Los Angeles drug unit employs more medical transcribers than the Stockton drug unit and is therefore better able to handle drug TARs received by VDTS. Although the majority of TARs submitted by mail were once processed by the Stockton drug unit, the processing of TARs submitted by FAX and mail was divided between the Los Angeles and Stockton drug units in May 1993.

Drug TARS received by FAX or mail are first reviewed by medical transcribers for completeness. Mailed-in TARs are date stamped on the day they are received in the drug unit. The drug TARs are then forwarded to pharmaceutical consultants, who are licensed pharmacists. The consultants process a drug TAR by either approving it, denying it, approving it with modifications, or returning it to request further information from the provider. After a decision is made on a drug TAR, the medical transcriber returns the TAR to the provider.

Drug TAR information received by VDTS is retrieved by medical transcribers. The medical transcribers type the information onto a TAR form and forward the form to the

pharmaceutical consultants. The pharmaceutical consultants process the drug TAR by either approving it, denying it, approving it with modifications, or returning it to request further information from the provider. The decision is recorded on the VDTs, and the provider can determine the status of the request by accessing the system. An office assistant also returns a copy of the TAR to the provider by mail.

SCOPE AND METHODOLOGY

Chapter 716, Statutes of 1992, required the OAG to prepare an analysis and summary of the department's data on drug TARs. Further, Section 14105.42 of the Welfare and Institutions Code mandated that the OAG submit a report on this data to the Legislature beginning February 1, 1991, and every six months thereafter until January 1, 1999. Chapter 12, Statutes of 1993 (Government Code Section 8546.8) directs the Bureau of State Audits to assume these responsibilities.

To fulfill these requirements, we obtained statistical data from the department regarding drug TARs received by telephone, VDTs, FAX, and mail. In this audit, which focused on the months of June through November 1993, we did not attempt to validate the drug units' processes for compiling monthly drug TAR data, although in our last five audit reports we did this. We also obtained data on the number of drug TARs approved, modified, denied, and returned. These data cover the six months from June through November 1993.

We also reviewed the methods the drug units used for measuring the time it takes them to respond to a drug TAR from the time it is received at the drug unit to the time the drug unit returns the completed drug TAR to the provider. In addition, we conducted tests to determine if the Los Angeles and Stockton drug units are processing initial and urgent drug TARs submitted via FAX and VDTs within 24 hours as required by federal law effective July 1, 1991. We also conducted tests in the Stockton and Los Angeles drug units to determine if mailed-in TARs are processed within five days as state law requires.

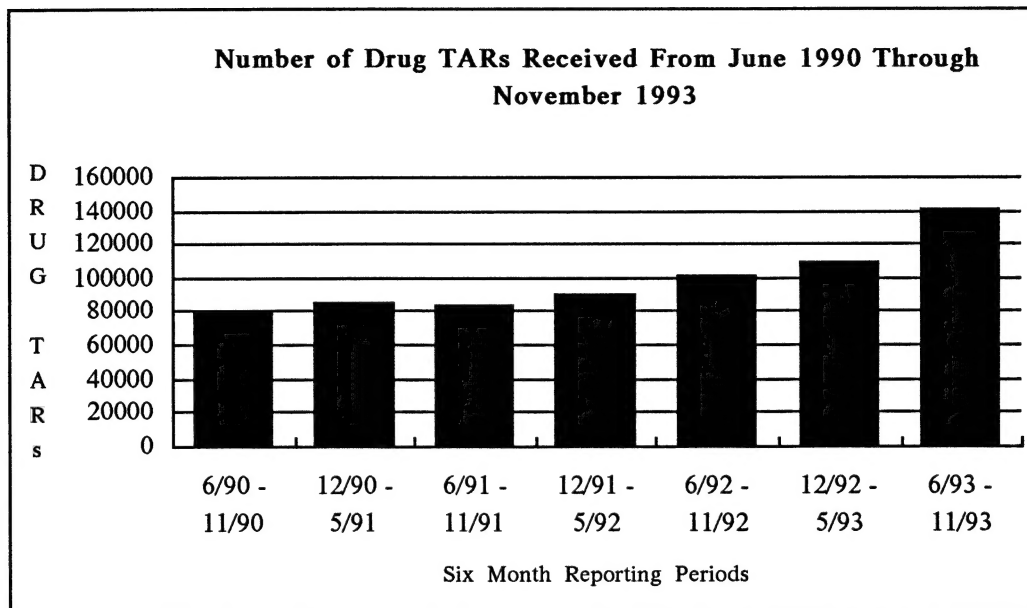
To obtain data on the number of denied drug TARs that have been appealed to the Department of Social Services, we collected data from the drug units for June through November 1993. Similarly, to obtain data on the number of complaints the department has received about its processing of drug TARs, we collected data for June through November 1993.

DRUG TARs RECEIVED

As shown in Figure 1, the number of drug TARs has gradually increased since June 1990. The volume of drug TARs has increased most significantly, however, between the last two 6 month reporting periods, from December 1992 through May 1993 and from June through November 1993. Specifically, from December 1992 through May 1993, the department received over 109,400 drug TARs. From June through November 1993, the department received approximately 141,200 drug TARs. This represents an increase of more than 31,800 drug TARs (30 percent) between the two 6 month reporting periods. During the first six months of the OAG's review, from June through November 1990, the drug units received approximately 78,500 drug TARs. From June through November 1993, the drug

units received approximately 141,200 drug TARs, representing an increase of more than 62,700 (80 percent) drug TARs since the first six months of this review.

Figure 1



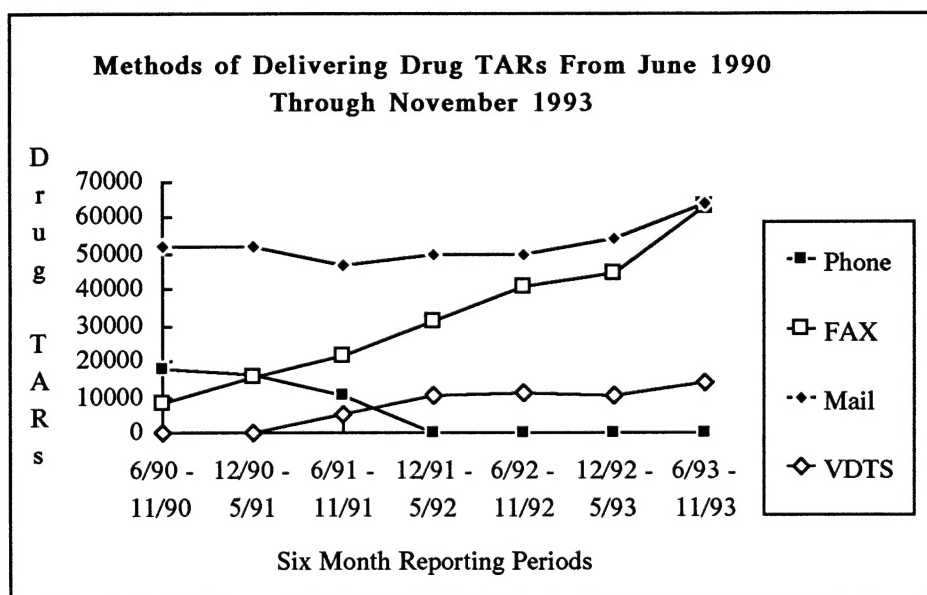
According to the chief of the department's Medi-Cal Operations Division Northern Field Operations Branch, changes in the Medi-Cal list of contract drugs have resulted in an increase in the number of drug TARs received. Specifically, Chapter 722 of the Statutes of 1992 required drug manufacturers who provide a 15 percent rebate to the federal government to provide an additional rebate to the department at a fixed amount. As of June 1, 1993, the department informed all drug manufacturers that if they did not sign the supplemental drug rebate contracts, their product lines would be taken off the list of contract drugs. All drugs not on the department's list of contract drugs require a drug TAR for reimbursement. In addition, in July 1993, the department implemented the first of its therapeutic category reviews. As a result, several drugs supplied by a single source in the two categories reviewed, the Ace-Inhibitor group (prescribed for high blood pressure) and H2-Blocker group (prescribed for stomach ulcers), were removed from the list of contract drugs. Finally, as mentioned in the BSA's October 1993 report, the increase in the number of drug TARs received may have occurred because of the increase in the number of Medi-Cal beneficiaries. In June 1990, the department reported 3,675,000 Medi-Cal beneficiaries. According to the department, by November 1993 the number of Medi-Cal beneficiaries had increased to 4,949,859, resulting in 1,274,859 (35 percent) more Medi-Cal beneficiaries eligible to obtain drugs through Medi-Cal than in June 1990.

DRUG TARs RECEIVED ACCORDING TO METHODS OF DELIVERY

As Figure 2 shows, the most common method of submitting drug TARs is through the mail, followed by drug TARs submitted by FAX and VDTs. In the past six months,

however, from June through November 1993, the number of TARs submitted by FAX and mail was almost the same. During that period, providers submitted 63,993 drug TARs through the mail, and 63,267 drug TARs by FAX to the department. In comparison, providers submitted 52,257 drug TARs through the mail from June through November 1990. During that same period, providers submitted 8,105 drug TARs to the department by FAX. While mailed-in TARs have represented the department's most stable workload, TARs submitted by FAX represent the department's greatest increase in workload since the first six months of this review.

Figure 2



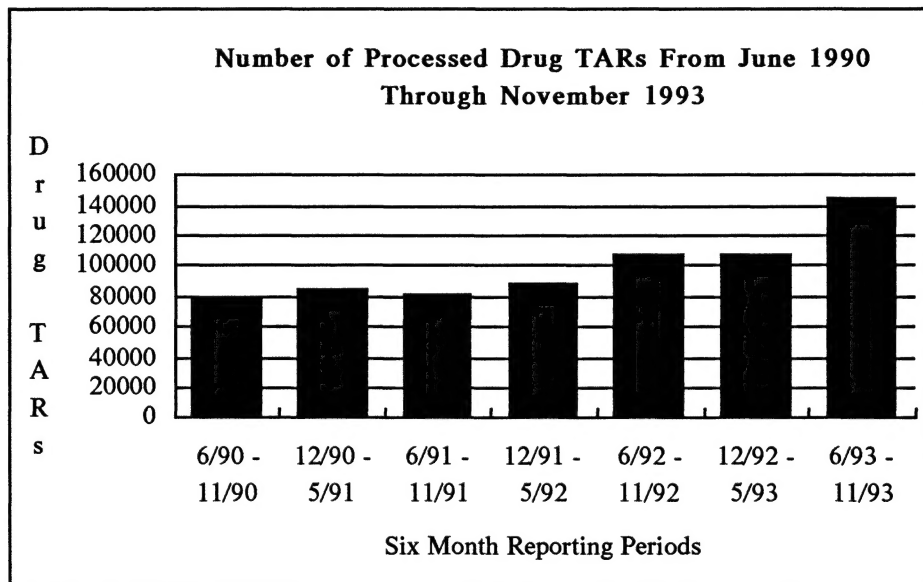
The department has also experienced an increase in the number of drug TARs submitted by VDTs. From June through November 1991, the first period when VDTs was operational for a full six months, 5,074 VDTs TARs were received at the department. From June through November 1993, providers submitted 13,958 drug TARs (a 175 percent increase) by VDTs to the department. Attachment A presents a monthly account of drug TARs received by means of delivery from June 1990 through November 1993.

DRUG TARs PROCESSED

Figure 3 shows the number of drug TARs processed at the drug units from June 1990 through November 1993. During the first six months of the OAG's review, from June through November 1990, the drug units processed 77,282 drug TARs. In comparison, from June through November 1993, the drug units processed 144,817 drug TARs, an increase of more than 67,500 (87 percent) drug TARs. Attachment B presents a monthly account of the number of drug TARs the department processed from June 1990 through November 1993.

Similar to the increase in the number of drug TARs received, the number of drug TARs processed increased significantly during the last six months, from June - November 1993. As mentioned previously, the department hired two full-time pharmacist consultants and contracted with nine pharmacist consultants in April 1993 to enable the drug units to process drug TARs more effectively and promptly. According to the chief of the department's Medi-Cal Operations Division Northern Field Operations Branch, the department's ability to keep pace with the increase in workload over the last six months was solely due to the addition of those consultants.

Figure 3



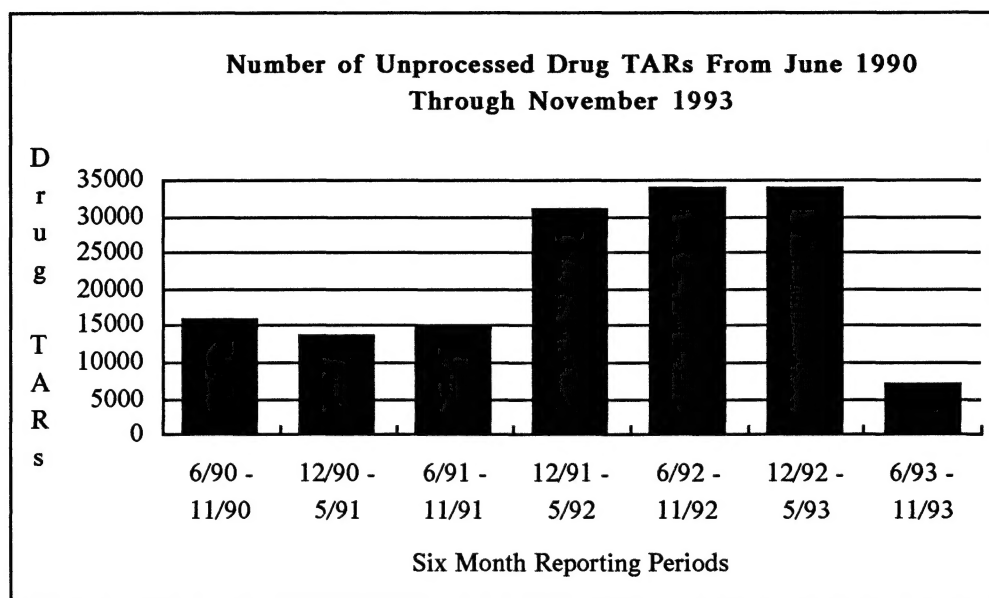
From June 1990 through November 1993, the drug units processed a total of 691,488 drug TARs. Of those, 70 percent were approved, 15 percent were modified, 11 percent were denied, and 4 percent were returned. Attachment C provides details on the number of drug TARs approved, modified, denied, and returned by the drug units from June 1990 through May 1993.

BACKLOG OF UNPROCESSED DRUG TARs

As Figure 4 shows, the department's backlog of drug TARs submitted through the mail has fluctuated during six month reporting periods from June 1990 through November 1993. Each bar in Figure 4 represents the sum of the number of unprocessed drug TARs at the end of each month in the six month reporting period. Figure 4 also shows that the department's lowest backlog of unprocessed drug TARs occurred during the last six months, from June - November 1993. Most significantly, with the addition of staff the department was able to reduce its backlog of unprocessed drug TARs from a high of 33,800 TARs in the six month period of December 1992 through May 1993, to a low of 7,194 TARs (or a reduction of 79 percent) from June through November 1993. Attachment

B provides detailed information on the number of drug TARs processed and unprocessed from June 1990 through November 1993.

Figure 4



DISAGREEMENTS OVER PROCESSING TIME FOR DRUG TARs

Section 14103.6 of the Welfare and Institutions Code requires that pharmaceutical consultants process drug TARs in an average of five working days. Additionally, this section states that, if the pharmaceutical consultant does not make a decision on a drug TAR within 30 days of receiving it, the request shall be considered approved. Additionally, Section 1927 (d)(5) of the federal Social Security Act of 1990 requires states to respond to all drug TARs within 24 hours of receipt. The federal Department of Health and Human Services' Health Care Financing Administration (HCFA) upholds this position, regardless of whether the TAR is for an initial or urgent prescription or for reauthorization of an existing prescription. It also upholds this position regardless of how the drug TARs are delivered to the department. In interpreting those regulations, the department expects the drug units to process initial or urgent drug TARs (that is, drug TARs typically submitted via FAX or VDTs) within 24 hours and to process reauthorization drug TARs (that is, drug TARs typically submitted through the mail) within five working days.

Although the Welfare and Institutions Code and the Social Security Act seem to conflict in their requirements, the BSA's last report stated that the federal government was expected to issue regulations in April 1992 to resolve the difference. According to our discussions with the department's Medi-Cal Operations Division Northern Field Operations Branch, these regulations have not yet been issued. Although attempts were made to obtain clarification from the HCFA, we were unable to obtain an estimated date of issuance.

Previous OAG and BSA reports stated that the drug units were processing initial and urgent drug TARs submitted by VDTs and FAX within 24 hours as required by law. During this audit, we selected at random and reviewed a sample of 38 drug TARs submitted by FAX to the Stockton drug unit in June 1993. In eight instances, we were unable to determine the date drug TARs submitted by FAX were received. However, of the remaining 30 drug TARs in the sample, all were processed within 24 hours as required. With the exception of providing back-up to the Los Angeles drug unit in October 1993, the Stockton drug unit did not process drug TARs submitted by VDTs during the period of our review.

We also reviewed a sample of 131 drug TARs submitted by VDTs to the Los Angeles drug unit in June 1993. In one instance, we were unable to determine the date a drug TAR submitted by VDTs was reviewed in the drug unit. Of the remaining drug TARs in the sample, 127 (or 98 percent) were processed within 24 hours as required by law. In addition, we reviewed a sample of 135 drug TARs submitted by FAX to the department during the month of June 1993. In eleven instances, we were unable to determine the date drug TARs were received. Of the remaining 124 drug TARs in the sample, 123 (or 99 percent) were processed within 24 hours as required by law.

PROCESSING TIME FOR MAILED-IN DRUG TARs

According to the BSA's last report, the drug units reported processing their mailed-in drug TARs in an average of more than the five working days as required by state law. Specifically, in May 1993 the department reported that the average turnaround time of processing mailed-in drug TARs was 16 days. At that time, the Stockton drug unit processed all mailed-in drug TARs on a statewide basis. However, with the increase in staffing, the department redistributed the processing of mailed-in drug TARs to the Stockton and Los Angeles drug units.

We found that in November 1993 the average turnaround time for processing mailed-in drug TARs in the Stockton drug unit was 3 working days. In the Los Angeles drug unit, we calculated the turnaround time as 5 working days during the same month. As Figure 5 shows, in five of the six months, from June through November 1993, both of the drug units met the state requirement to process mailed-in drug TARs within 5 days.

Figure 5

Number of Days to Process Mailed-In Drug TARs By Drug Unit June Through November 1993

	June	July	August	September	October	November	6 Month Average
Los Angeles	2	3	4	1	10	5	5
Stockton	8	3	3	3	5	3	3

Source: California Department of Health Services

To validate the drug units' methodologies for calculating turnaround time, we selected a sample of mailed-in TARs received in June 1993. We found that the Stockton drug unit correctly calculated the turnaround time for mailed-in drug TARs. Although the Los Angeles drug unit's process for calculating turnaround time in June 1993 was appropriate, we found a slight mathematical error, of which the drug unit was advised. In addition, the Los Angeles drug unit changed the methodology for calculating turnaround time in November 1993. We reviewed the revised process and found that the Los Angeles drug unit incorrectly calculated the turnaround time for mailed-in drug TARs. The revised process did not exclude non-working days (weekends and holidays), which resulted in a turnaround time of 10 days instead of 5 working days had weekends and holidays been excluded. Figure 5 shows the correctly calculated turnaround time of 5 days for November 1993. The Los Angeles drug unit was advised of this error at the time of our review.


INFORMATION ON DRUG TAR FAIR HEARINGS AND COMPLAINTS

For all denied drug TARs, Section 14105.42 of the Welfare and Institutions Code requires the department to report to the Legislature the number of fair hearings requested, approved, denied, and pending. This code section also requires the department to report to the Legislature the number of complaints from beneficiaries and providers regarding the difficulty or inability of obtaining a response to a drug TAR.

Beneficiaries request fair hearings through the Department of Social Services to appeal denials of drug TARs. From December 1990 through May 1991, the department received only 2 requests for fair hearings. From June 1992 through May 1993, the department received 19 requests for fair hearings, 7 of which were withdrawn before the cases were heard. According to information the drug units provided, from June through November 1993, 14 requests for fair hearings were received. Seven of those requests were dismissed due to the beneficiaries' failure to appear at the hearing. Of the remaining requests, 4 were withdrawn before the cases were heard, one was partially approved, and the remaining 2 cases are pending decision. During the same period, June through November 1993, the drug units reported that they did not receive any complaints from beneficiaries or providers regarding the difficulty or inability of obtaining a response to a drug TAR.

The Bureau of State Audits, whose authority is vested by Section 8543 of the California Government Code, conducted this review according to generally accepted governmental auditing standards and was limited to areas specified in the audit scope section of this report.

Sincerely,



KURT R. SJOBERG
State Auditor

ATTACHMENTS

- A Drug Treatment Authorization Requests Received by Means of Delivery
June 1990 Through November 1993**
- B Drug Treatment Authorization Requests Processed
June 1990 Through November 1993**
- C Drug Treatment Authorization Requests
Approved, Modified, Denied, and Returned
June 1990 Through November 1993**

Response to the Audit

Department of Health Services

**Attachment A Drug Treatment Authorization Requests Received
by Means of Delivery
June 1990 Through November 1993**

		Telephone	FAX	Mail	VDTS	Monthly Total
1990	June	3,989	0	10,125	0	14,114
	July	3,225	985	9,990	0	14,200
	August	3,126	1,561	8,679	0	13,366
	September	2,358	1,646	7,517	0	11,521
	October	2,955	2,064	8,340	0	13,359
	November	2,483	1,849	7,606	0	11,938
	December	2,282	1,661	8,009	0	11,952
1991	January	2,748	2,379	8,951	0	14,078
	February	2,934	2,570	8,865	0	14,369
	March	2,966	2,816	8,912	0	14,694
	April	3,075	3,310	8,967	63	15,415
	May	2,835	3,293	8,658	338	15,124
	June	2,083	3,274	7,922	399	13,678
	July	2,277	3,283	7,879	602	14,041
	August	2,396	3,214	7,718	678	14,006
	September	2,129	3,234	7,490	688	13,541
	October	1,741	4,077	8,417	1,129	15,364
	November	86	4,233	7,519	1,578	13,416
	December	0	4,279	7,952	1,707	13,938
1992	January	0	5,087	9,311	1,788	16,186
	February	0	4,814	7,658	1,603	14,075
	March	0	5,414	8,488	1,814	15,716
	April	0	5,771	8,310	1,919	16,000
	May	0	5,692	7,891	1,561	15,144
	June	0	6,506	8,612	1,961	17,079
	July	0	7,353	8,004	2,122	17,479
	August	0	7,181	8,167	1,885	17,233
	September	0	6,406	8,009	1,782	16,197
	October	0	7,378	8,538	1,706	17,622
	November	0	6,480	8,288	1,587	16,355
	December	0	6,542	8,357	1,522	16,421
1993	January	0	6,782	9,041	1,451	17,274
	February	0	7,284	8,642	1,729	17,655
	March	0	8,181	10,003	1,781	19,965
	April	0	7,665	9,276	1,874	18,815
	May	0	8,149	9,237	1,950	19,336
	June	0	9,389	10,067	1,955	21,411
	July	0	10,738	10,282	2,545	23,565
	August	0	10,752	11,416	2,621	24,789
	September	0	10,339	11,090	2,149	23,578
	October	0	11,384	11,371	2,486	25,241
	November	0	10,665	9,767	2,202	22,634

Source: California Department of Health Services

Attachment B

**Drug Treatment Authorization Requests Processed
June 1990 Through November 1993**

		Unprocessed TARs at Beginning of Month	TARs Received During Month	Total Available To Be Processed	Total Processed During Month	Unprocessed TARs	Percent of TARs Processed
1990	June	2,160	14,114	16,274	13,015	3,259	79.97
	July	3,259	14,200	17,459	14,164	3,295	81.13
	August	3,295	13,366	16,661	14,502	2,159	87.04
	September	2,159	11,521	13,680	11,394	2,286	83.29
	October	2,286	13,359	15,645	13,103	2,542	83.75
(a)	November	1,477	11,938	13,415	11,104	2,311	82.77
	December	2,311	11,952	14,263	11,897	2,366	83.41
1991	January	2,366	14,078	16,444	15,242	1,202	92.69
	February	1,202	14,369	15,571	13,206	2,365	84.81
	March	2,365	14,694	17,059	14,695	2,244	86.14
	April	2,244	15,415	17,659	15,115	2,544	85.59
	May	2,544	15,124	17,668	14,763	2,905	83.56
(b)	June	3,395	13,678	17,073	14,522	2,551	85.06
(c)	July	2,142	14,041	16,183	15,253	930	94.25
	August	930	14,006	14,936	13,983	953	93.62
	September	953	13,541	14,494	12,876	1,618	88.84
	October	1,618	15,364	16,982	13,746	3,236	80.94
	November	3,236	13,416	16,652	11,130	5,522	66.84
	December	5,522	13,938	19,460	14,385	5,075	73.92
1992	January	5,075	16,186	21,261	17,874	3,387	84.07
	February	3,387	14,075	17,462	14,174	3,288	81.17
	March	3,288	15,716	19,004	15,478	3,526	81.45
	April	3,526	16,000	19,526	12,848	6,678	65.80
	May	6,678	15,144	21,830	12,915	8,907	59.16
	June	8,907	17,079	25,986	17,192	8,794	66.16
	July	8,794	17,479	26,273	19,142	7,131	72.86
	August	7,131	17,233	24,364	17,581	6,783	72.16
	September	6,783	16,197	22,980	18,179	4,801	79.11
	October	4,801	17,622	22,423	19,319	3,104	86.16
	November	3,104	16,355	19,459	16,279	3,180	83.66
	December	3,180	16,421	19,601	17,294	2,307	88.23
1993	January	2,307	17,274	19,581	13,396	6,185	68.41
	February	6,185	17,655	23,840	16,404	7,436	68.81
	March	7,436	19,965	27,401	22,311	5,090	81.42
	April	5,090	18,815	23,905	16,175	7,730	67.66
	May	7,730	19,336	27,066	22,015	5,051	81.34
	June	5,051	21,411	26,462	25,867	595	97.75
	July	595	23,565	24,160	23,477	683	97.17
	August	683	24,789	25,472	24,932	540	97.88
	September	540	23,578	24,118	22,039	2,079	91.38
	October	2,079	25,241	27,320	25,475	1,845	93.25
	November	4,024	22,634	26,658	23,027	1,452	86.38

**Attachment B
Continued**

**Drug Treatment Authorization Requests Processed
June 1990 Through November 1993**

(a) The number of unprocessed drug TARs at the end of October 1990 does not agree with the number of unprocessed drug TARs at the beginning of November 1990. The manager of the San Francisco drug unit stated that unit staff did a hand count of the actual unprocessed drug TARs at the end of October 1990 and found the unit's accounting records overstated by 1,065, the number of unprocessed drug TARs for the end of the month. Because of this finding, unit staff adjusted the number of unprocessed drug TARs reported at the beginning of November.

(b) The number of unprocessed drug TARs at the end of May 1991 does not agree with the number of unprocessed drug TARs at the beginning of June 1991. According to the Los Angeles drug unit manager, the lack of agreement partly occurred because of discrepancies in the counting of mail-in drug TARs sent to the Stockton drug unit. Additionally, according to the Stockton drug unit manager, the unprocessed drug TARs reported for the Stockton drug unit during these periods do not reconcile primarily because of discrepancies in the counting of mail-in drug TARs sent from the San Francisco drug unit.

(c) The number of unprocessed drug TARs at the end of June 1991 does not agree with the number of unprocessed drug TARs at the beginning of July 1991. This occurred primarily because both the Stockton and San Francisco drug units changed their methods for reporting drug TAR statistics beginning in July 1991 without reconciling the ending June total with the beginning July total.

Source: California Department of Health Services

Attachment C

Drug Treatment Authorization Requests Approved, Modified, Denied and Returned June 1990 Through November 1993

		(a) Approved	Modified	Denied	Returned	Total Processed
1990	June	9,350	2,001	1,226	438	13,015
	July	9,169	2,008	1,361	1,626	14,164
	August	8,980	2,650	2,045	827	14,502
	September	7,222	1,847	1,565	760	11,394
	October	8,377	2,215	1,698	813	13,103
	November	7,033	1,811	1,455	805	11,104
	December	7,800	1,989	1,385	723	11,897
1991	January	8,994	3,457	1,667	1,124	15,242
	February	8,322	2,533	1,536	815	13,206
	March	9,810	2,308	1,741	836	14,695
	April	9,490	2,940	1,697	988	15,115
	May	9,530	2,531	1,864	838	14,763
	June	9,101	2,695	2,066	660	14,522
	July	9,698	2,988	2,099	468	15,253
	August	9,072	2,758	1,748	405	13,983
	September	8,148	2,759	1,582	387	12,876
	October	8,687	3,129	1,558	372	13,746
	November	7,399	2,365	1,062	304	11,130
	December	9,881	2,281	1,854	369	14,385
1992	January	12,628	2,689	1,975	582	17,874
	February	10,423	1,698	1,691	362	14,174
	March	10,915	2,190	1,976	397	15,478
	April	9,151	1,948	1,489	260	12,848
	May	9,777	1,713	1,078	347	12,915
	June	13,280	1,990	1,603	319	17,192
	July	14,721	2,105	1,982	334	19,142
	August	12,951	2,094	2,205	331	17,581
	September	13,972	1,697	2,098	412	18,179
	October	14,925	1,814	2,094	486	19,319
	November	12,360	1,625	1,850	444	16,279
	December	13,256	1,932	1,584	522	17,294
1993	January	9,598	1,843	1,455	500	13,396
	February	12,445	1,712	1,597	650	16,404
	March	17,423	2,246	1,871	771	22,311
	April	12,686	1,560	1,423	506	16,175
	May	16,224	2,391	2,167	1,233	22,015
	June	17,868	3,221	3,598	1,180	25,867
	July	16,282	3,486	2,817	892	23,477
	August	16,724	3,714	3,083	1,411	24,932
	September	14,682	3,078	3,210	1,069	22,039
	October	16,968	3,606	3,604	1,297	25,475
	November	15,386	3,301	3,181	1,159	23,027
	Total	480,708	100,918	80,840	29,022	691,488

Attachment C

Drug Treatment Authorization Requests Approved, Modified, Denied and Returned June 1990 Through November 1993

(a) An approved drug TAR has been authorized by the drug unit as submitted. A denied drug TAR has been rejected as submitted. A modified drug TAR has been changed by the drug unit in some way and then approved. Changes could include a change in the quantity of the drug requested, a change in the time for which the drug is approved, or the denial of or change to one drug request on a drug TAR with several requests. A returned drug TAR lacks sufficient information for the drug unit to make a decision. The drug unit returns the drug TAR to the provider for clarification.

Source: California Department of Health Services

DEPARTMENT OF HEALTH SERVICES

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January 26, 1994

Mr. Kurt R. Sjoberg
State Auditor
Bureau of State Audits
660 J Street, Suite 300
Sacramento, CA 95814

Dear Mr. Sjoberg:


Thank you for your letter of January 19, 1994 to Ms. Sandra Smoley, Secretary, Health and Welfare Agency, and the opportunity to review your report entitled "Department of Health Services' Information on Drug Treatment Authorization Requests". Your contractor has carefully reviewed the operations of our drug units and the results are appropriate. I would like to emphasize, however, that the actions which the Department of Health Services (Department) has taken to resolve the backlogs are, in fact, working quite well. Your report documents the large increases in drug Treatment Authorization Request (TAR) volume we have experienced in the past year. The report also shows that our staff is processing the requests within the time limits set in California statute.

It is the Department's intention to continue staffing the drug units in a manner which will assure prompt processing of TARs for drugs which are not on the Contract Drug List. It is important to note that only a small percentage of the requests for drugs for Medi-Cal beneficiaries are subject to prior authorization. The vast majority of the prescriptions are filled with drugs on the contract list and therefore no TAR is required.

I trust this clarification of the actions that the Department has already taken will assist the reader of your report in understanding the on-going efforts of the Medi-Cal program to serve its beneficiaries.

If you have any questions, please contact Mr. Virgil J. Toney, Jr., Chief, Medi-Cal Operations Division, at (916) 657-0582.

Sincerely,


S. Kimberly Belshe'
Director

cc: See next page.

Mr. Kurt R. Sjoberg

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January 26, 1994

cc: Ms. Sandra R. Smoley, R.N.
Secretary
Health and Welfare Agency
1600 Ninth Street, Room 460
Sacramento, CA 95814

cc: Members of the Legislature
 Office of the Lieutenant Governor
 State Controller
 Legislative Analyst
 Assembly Office of Research
 Senate Office of Research
 Assembly Majority/Minority Consultants
 Senate Majority/Minority Consultants
 Capitol Press Corps